

## THINGS TO CONSIDER WHEN CHOOSING A CART SERVICE PROVIDER

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## **TIPS FOR SELECTING THE RIGHT CART MAINTENANCE COMPANY**

The following suggestions about selecting the right cart service provider might be useful to consider the next time you need to assemble a maintenance program.

### **Test Services**

To get the best possible look at the service providers you're considering, it's always a good idea to invite candidates to perform test services. This will help you to accurately measure their performance and make valid comparisons.

To get the most value out of a test service, select similar locations and prescribe the type and quantity of equipment to be serviced. This gives you the benefit of not only seeing their crews in action, but assessing how well they perform under specific circumstances.

Suggested points to consider:

1. Does the crew seem professional and properly trained? In general, do they seem like people you'd want interacting with your store personnel and/or customers? Specifically, are they uniformed and clean cut?

2. Do they work diligently and efficiently? More to the point, what do their results look like?

3. What type of equipment are they using? Does it seem adequate? In this line of work, where large quantities of equipment are being serviced every single night, the quality of the equipment has a direct bearing on the quality of the service output.

4. A test service also provides an excellent opportunity to see exactly what type of invoice you can expect. The invoice should be transparent and support the offered pricing structure. The most transparent type of price structure is one that provides rates for replacement parts as well as separate rates for the labor required to install those parts.

A fully transparent invoice will also list this information on separate lines with appropriate quantities and totals. The test store invoice should be kept on file as a benchmark to which all future invoices can be compared. This will reduce the likelihood that invoices are deliberately manipulated simply to win a new bid.

## **Face-to-Face Meetings**

When you do finally hold advanced meetings with prospective service providers, take a good look at who's attending. Are they senior members of the management team? This is a perfect opportunity to get an idea how seriously you're being taken and how much attention your account will receive.

A good person to look for is, of course, the one who'll be actually managing the account. It's great for the sales manager or owner to be there. But where's the account or operations manager? Take advantage of this chance to get a sense about the day-to-day managers.

If they're present, try to find out whether this is someone who's experienced and knowledgeable. Just as importantly, are they someone with whom your team feels they can build a good rapport? Take a moment to ask the operations person a few questions. Get a feel for how diligent they are. Once you assign the account, this will be the person on whom you rely to make sure services are implemented according to your scope.

## **Disadvantages to Flat-Rate Pricing Structures**

First of all, beware of the urge to let yourself be overly influenced by price considerations. This is a sure way to spend more and get less.

If your goal is to create a cart maintenance program that actually maintains all of your carts, then it would be useful to not focus exclusively on the absolute bottom-line. More energy spent on an analysis of the real value incurred per dollar spent might yield superior results.

Let's take a very common example that occurs in the real world again and again. It's the offer to service a chain's fleet of shopping carts for a flat fee (usually charged on a per cart basis). This is alluring because it allows the buyer to make a quick calculation to determine what their annual budget will be. It also gives the buyer the impression that they've effectively purchased a limit on the cost of the program.

But is this really true? The assumption is that regardless how many repairs the carts actually require, the buyer will still pay the flat rate. Therefore if the carts are in very good condition, it will be a good deal for the service provider. On the other hand, if they're in poor condition, it saves the buyer money.

This assumption may hold true in a perfect situation where one service provider has diligently maintained the carts since the time they were put into production. The service provider, in this case, already knows what it costs to

maintain the carts. Consequently, they can offer a price that takes this into account. In other words, the service provider knows both the risks and the costs beforehand.

Unfortunately, perfect situations don't usually exist. When the service provider isn't fully aware of the potential risks and/or costs, a major flaw to the flat-rate pricing structure manifests itself. This arises when there are more repairs than the service provider anticipated and is now facing a situation where his revenue doesn't cover the cost to provide the service.

Another drawback to flat-rate pricing is that it gives absolutely no incentive to the service provider to do any work. In the real-world, this pricing structure actually incentivizes the provider to do as little work as possible.

To expect a service provider to altruistically expose themselves to unknown loss potential rather than actively manage their profit by reducing the amount of output is extremely optimistic. While flat-rate pricing looks good on paper, the reality is often less than perfect.

That's it for now. This will be an ongoing article, so please check back for future additions.

Good luck! I look forward to making your acquaintance soon.